



USAID

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AFGHANISTAN

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FACT SHEET

Agricultural Credit Enhancement (ACE)

OVERVIEW

For more than 25 years Afghan farmers did not have access to agricultural credit, which seriously constrained the growth of the agricultural sector. To address this constraint, in July 2010 USAID established two collaborative initiatives totaling \$150 million: 1) a \$100 million grant to the Ministry of Agriculture, Irrigation and Livestock (MAIL) to establish the Agricultural Development Fund (ADF), and 2) a \$50 million technical assistance activity called Agricultural Credit Enhancement (ACE) project that manages ADF lending activities and provides support to agricultural value chains. The purpose of the ADF is to provide credit to small commercial farmers, and agribusinesses engaged in distribution of agricultural inputs, producers of high-value crops, processors and exporters of agricultural products. ADF functions as a wholesale lender, channeling credit through financial and non-financial institutions.

CURRENT ACTIVITIES

- Working through non-financial intermediaries to make credit available to farmers
- Facilitating and strengthening links in strategic agricultural value chains, while also providing ADF clients with technical assistance to increase the probability of success of their operations
- Establishing a knowledge-management facility, that will be a repository of agricultural data, market information and market intelligence

ACCOMPLISHMENTS

- Processed loans worth more than \$16 million to financial and non-financial intermediaries, that benefit over 10,000 small commercial farmers
- Loaned \$4.9 million to the Afghanistan national seed organization to benefit 93 seed companies and more than 3,000 seed producers across Afghanistan
- Generated eight loans for a total of \$926,000 to potato-producing cooperatives in Bamyán enabling 438 commercial potato growers to purchase high-quality seed and fertilizers
- Facilitated a loan for \$500,000 to purchase agricultural inputs to benefit 1,850 commercial fruit growers from Kunar, Laghman and Nangarhar provinces, and members of the Eastern Region Fruit Growers Association
- Launched modified versions of *Murabaha*, an Islamic financial product to provide credit through culturally acceptable mechanisms
- Signed an agreement with m-paisa for the use of mobile banking services for loan repayment